

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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| Barbara Beerhalter   | Chair        |
| Cynthia A. Kitlinski | Commissioner |
| Norma McKanna        | Commissioner |
| Robert J. O'Keefe    | Commissioner |
| Darrel L. Peterson   | Commissioner |

In the Matter of Northwestern Bell Telephone  
Company's Request to Provide Optional  
Measured Service in Central Offices  
Equipped with Cross-Bar Switches

ISSUE DATE: May 4, 1988

DOCKET NO. P-421/M-87-676

ORDER ALLOWING EXTENSION OF  
OPTIONAL MEASURED SERVICE AND  
EXPANDING INVESTIGATION

PROCEDURAL HISTORY

On October 21, 1987 Northwestern Bell Telephone Company (Northwestern Bell or the Company) filed a request for authorization to provide optional measured service (OMS) in the following central offices or exchanges: Coon Rapids, Elk River, Forest Lake, Penn Avenue, Shakopee, Stillwater, Chatfield, Duluth Central Office, Duluth Pike Lake Office, Virginia, Willmar, and Winona. These offices and exchanges all have cross-bar equipment presently capable of providing measured service.

The Department of Public Service (the Department) investigated the request and recommended denial pending completion of the investigation of OMS ordered in Docket No. P-421/CI-88-152. The Department also recommended including the provision of OMS with cross-bar equipment in that investigation.

The Office of the Attorney General (OAG) filed comments stating it did not oppose the Company's proposal to extend OMS to the central offices and exchanges listed. That office also recommended, however, that the Commission prohibit the Company from installing OMS equipment in other cross-bar offices pending completion of the investigation.

STATEMENT OF THE ISSUES

The issues before the Commission are whether to approve the proposed extension of optional measured service, whether to include cross-bar OMS in the ongoing investigation, and whether to prohibit the installation of OMS equipment in other cross-bar exchanges and central offices.

## FINDINGS AND CONCLUSIONS

### OAG's Request to Prohibit Future OMS Equipment Installations

The Office of the Attorney General did not oppose the extension of OMS to the central offices and exchanges at issue because the equipment to offer the service was already in place. They did, however, ask the Commission to direct the Company not to install OMS equipment in other central offices and exchanges until the cost effectiveness of such equipment, and perhaps of OMS itself, had been demonstrated. In another proceeding, since settled, that office had sought removal of the equipment at issue from rate base as not cost effective. Docket No. P-421/CI-86-354.

The Company, on the other hand, stated that the equipment was necessary for toll billing and would have been purchased regardless of its potential for providing OMS.

The Commission finds that the record is unclear on what role optional measured service may have played in the Company's decision to install the equipment. Furthermore, this is not an appropriate proceeding in which to examine that issue or to determine what equipment the Company should or should not install in the future. These are matters which can more properly be addressed in the ongoing OMS investigation. Today the Commission will address only the issue of whether the Company should be permitted to offer OMS in the central offices and exchanges specified in its proposal.

### Extension of OMS to Central Offices and Exchanges at Issue

The Commission finds that it is reasonable and in the public interest to permit the extension of OMS proposed in this docket. This approval should not be read to suggest any diminution in the Commission's commitment to the ongoing OMS investigation, however. The Commission remains convinced that the unresolved issues surrounding OMS require the kind of careful development and examination that investigation will provide.

In the mean time, however, there is no compelling reason to deny ratepayers in these exchanges the same service alternatives offered to ratepayers in other exchanges with identical service capacities. Past experience suggests that, given a choice, a significant percentage of these customers will choose optional measured service and that making this choice will save them money. As matters currently stand, this choice will not impose any costs on other ratepaters. The proposed offering should therefore be approved.

Furthermore, as the Company notes, it is possible that this extension, the first OMS offering in a cross-bar system, will provide useful information about cross-bar OMS. Although the Company anticipates no significant difference between electronic switch and cross-bar OMS offerings, practical experience with the service should be helpful. This is another reason for approving the extension at issue.

Addition of This Extension to OMS Investigation

This particular OMS extension will also be added to the OMS investigation, so that any issues or concerns specific to cross-bar OMS can be identified and brought before the Commission.

ORDER

1. The Company's petition to extend optional measured service to the exchanges and central offices listed in its petition of October 21, 1987 is granted.
2. The OMS extension approved herein shall be added to those extensions under investigation in Commission Docket No. P- 421/CI-88-152.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)